



## **Policy Clarification 2021-11-01**

### **Title: Prior Medical Simplification**

**Date: 11/05/2021**

**From: Erin Kelley, Senior Manager**

**Program(s) Impacted: Family Medical Programs**

The purpose of this document is to provide clarification on existing prior medical simplification policies. This clarification will primarily focus on when prior medical simplification can be used to verify income and what steps should be taken. Prior Medical Simplification is applicable to all requests for Prior Medical, whether received on an application, add a person request or adding a person at review/renewal.

Prior Medical Simplification refers to the method in which prior medical income is verified through a data-source prior to using actual income amounts received in those months. Due to updates in KEES regarding Reasonable Compatibility Detail (RCD), previous instructions provided to staff concerning prior medical simplification require the following modifications:

1. Updates to the Reasonable Compatibility Detail (RCD) in KEES, as outlined in PM2018-03-01, eliminated the need to conduct manual research of KDOL to complete prior medical simplification.
2. Previous instructions indicated that the Prior Medical Simplification could only be used when there was a single source of income reported. However, per PM2018-03-01, this requirement was eliminated. This includes an individual with multiple jobs or more than one adult with income.
3. Prior Medical Simplification must be attempted prior to utilizing TALX information or hard copies of income found in the case file. Please see KFMAM 1330 Verification.

The following situations continue to be instances where the prior medical simplification cannot be used: self-employment reported or unearned income in addition to wages.

### **Reported Changes**

When a prior medical request is received, it must first be determined if there were any household or income changes in the last three months for applicants who have countable income as outlined in KFMAM 5120. When an applicant reports a change in income during the applicable prior medical months requested, the change reported will need to be evaluated to determine if the income change will fundamentally alter the income being received. For

example, missing a few days of work or occasional overtime would not constitute an 'income change' for processing purposes in most cases. After evaluation of the change reported is completed, either use of KDOL wages or actual income will be used to determine the income in prior medical.

**NOTE:** Refer to KFMAM 6133 for how to address reported household changes in applicable prior medical months.

### **Use of KDOL Wages**

Prior to pending for proof of actual income in the applicable prior medical months, when the reported income change relates to wages (including zero earnings), Reasonable Compatibility (RC) must be run in KEES to determine if the individual and household RCD returns a result of 'both below.' As outlined in KFMAM 6122.02, the household RC test determines if both the amount reported by the consumer and the amount received from either KDOL or TALX are below Medicaid income limits for the applicant.

If the RCD returns a result of 'Both Below' using KDOL findings in the most recent quarter, no further verification is required to determine income in prior medical months. Once it is determined KDOL is below Medicaid income guidelines – the monthly KDOL amount on the RCD will be used for all 3 prior medical months. If the monthly KDOL amount on the RCD is over Medicaid income guidelines, proceed to using actual income.

Example: The Primary Applicant reports a job loss in the applicable prior medical months. RC was run and comes back 'both below.' The monthly KDOL amount will be used for all three applicable prior medical months.

Example: The Primary Applicant reports a self-attestation of \$1,200.00 monthly from a job. An income change is reported in prior medical months. RC was run and comes back RC/Both Below with the KDOL monthly amount of \$1,100.00. The monthly KDOL amount will be used for all three applicable prior medical months.

### **Actual Income**

When one of the two following scenarios occur, actual income will need to be used for determining prior medical months – 1) No KDOL findings are returned, but a TALX amount has been returned in the RCD or 2) the KDOL amount returned in RCD is not below the Medicaid or M-CHIP income guidelines for one or more household members.

**NOTE:** Refer to KFMAM 6125 for including pre-tax and federal income deductions when actual income is used in the applicable prior medical months.

Example: The Primary Applicant reports a job loss in the applicable prior medical period. The household reports no other countable income. Zero Earnings RC is run and shows it is not 'both below.' There are no TALX findings returned by RCD. Hard Copy verification is needed as the RCD results were above Medicaid income guidelines. Prior Medical Simplification cannot be used in this scenario.

Example: The spouse reports a job loss in the applicable prior medical period. The household reports no other countable income. Zero Earnings RC is run and shows it is not 'both below.' There are TALX findings returned by RCD. Actual income amounts from TALX will be used as

the RCD was above Medicaid income guidelines. Prior Medical Simplification cannot be used in this scenario.

**NOTE:** Refer to the KEES User Manual for instructions on adding Prior Medical Income in KEES.

For questions or concerns related to this document, please contact the KDHE Medical Policy Staff at [kdhe.MedicaidEligibilityPolicy@ks.gov](mailto:kdhe.MedicaidEligibilityPolicy@ks.gov).

Erin Kelley	Senior Manager
Amanda Corneliusen	Family Medical Program Manager
Jessica Pearson	Elderly & Disabled Program Manager
Sara Reese	Elderly & Disabled Program Manager
Shawna Pilkington	Family Medical Program Manager

Questions regarding any KEES issues are directed to the KEES Help Desk at [KEES.HelpDesk@ks.gov](mailto:KEES.HelpDesk@ks.gov).